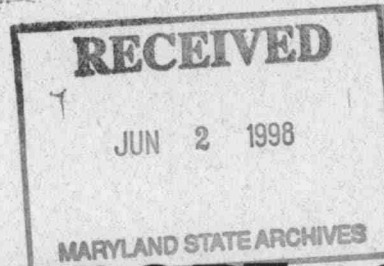


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State Ethics Commission



ANNUAL REPORT 1997



STATE ETHICS COMMISSION

NINETEENTH ANNUAL REPORT

January 1, 1997 - December 31, 1997

STATE ETHICS COMMISSION

Nineteenth Annual Report

January 1, 1997 - December 31, 1997

GENERAL STATUTORY IMPLEMENTATION

The State Ethics Commission met 11 times during Calendar Year 1997 and was involved in program activity relating to all areas of its statutory mandate. These include financial disclosure, conflict of interest, lobbyist disclosure and conduct restrictions, local government ethics laws, school board ethics regulations, advisory opinions, enforcement matters, employee education, and public information activities. Activities during the year also included completing issuance of amendments to the blind trust regulations. The Commission staff was involved in the development of recommendations for a code of conduct for health occupational licensing boards. This study released in August was mandated by HB 478 which passed in the 1996 Session of the General Assembly.

Issuance of Advisory Opinions

The Commission issues advisory opinions in response to requests from officials, employees, lobbyists, and others who are subject to the Ethics Law. Additionally, the Commission may issue advisory opinions to other persons at its discretion. During Calendar Year 1997, the Commission issued 15 formal published opinions. Many of the formal opinions considered primarily dealt with the employment prohibitions of the Ethics Law. Other issues considered included misuse of position, ownership interest prohibitions, non-participation, post-employment, procurement, gifts, lobbying and political activity. One factor reducing the need for formal opinions issued by the Commission is the large number of existing opinions that can now be used for fast informal guidance. The Commission staff was able to provide informal guidance in 1215 potential formal request situations based on existing opinions of the Commission. The Commission itself provided informal advice in lieu of formal opinion guidance, usually in the form of a letter, in 138 situations during the year. Informal guidance covered nearly all aspects of the Ethics Law. Many advice inquiries were in part caused by State employee salary support limitations in State government which have resulted in a substantial number of secondary employment questions. The combined total number of advice situations (formal, Commission informal, and staff informal) increased very slightly during 1997. This is the fifth consecutive year of an increase in the combined totals of advice activity. The total for 1997 was 1,368 compared to 785 in 1992.

Financial Disclosure

The administration of the financial disclosure program continued to involve the identification of those required to file, providing technical assistance to filers, and monitoring compliance with the Law. The Commission was involved in reviewing a large number of

requests by various agencies to add or delete positions from the financial disclosure filing list. Action on these requests, which is part of the agenda at nearly all Commission meetings, has increased the list of filers. The Commission also reviewed the Ethics Law status of new boards and commissions and considered and acted upon requests by advisory boards to be exempted from the requirement to file financial disclosure statements. Compliance review of forms is conducted as part of a phased program for review of the forms of officials and employees. Currently there are over 8,000 persons filing financial disclosure forms and this number continues to grow. In addition, copies of all judicial official financial disclosure forms are also filed at the Commission office. As part of the review program, letters are sent to some filers regarding the need to provide further information in order to meet filing requirements. Conflict of interest monitoring is also part of this process. In 1997, priority was given to review of legislator financial disclosure forms to improve the completeness and accuracy of those reports.

In addition to the regular financial disclosure program, a very substantial number of appointees to executive boards or commissions seeking limited conflict of interest exemptions from the appointing authority, must file a form publicly disclosing areas of existing conflicts with the Commission, the appointing authority and the Senate where applicable. The Commission staff coordinated the filing of these forms with the appointing authority, reviewed the forms and assisted a large number of appointees throughout the year to complete these disclosures.

Lobbyist Disclosure and Regulation

During the lobbying year which ended on October 31, 1997, 1,715 lobbying registrations were filed with the Commission. This represents an increase from the 1,611 registrations filed in 1996. The 1,715 registrations were filed by 581 different lobbyists on behalf of 865 separate employers. (Some employers have more than one lobbyist and many lobbyists have more than one employer.) This compares to 828 employers having one or more registrants in the previous year and 593 individual lobbyists in the prior year. The totals for registrations and employers is the highest in the history of the program. Although the largest number of lobbyists are registered during the legislative session, registrations are beginning and ending throughout the lobbying year, which begins on November 1 and ends on October 31 of the following year. Most persons registered to lobby have a single registration representing one employer, however, 109 lobbyists had two or more registrations during this time period, 65 registrants had four or more employers, and 44 lobbyists had eight or more employers. The Ethics Commission monitors lobbyist registration and reporting and other parts of the lobbying law covering gifts, contingent fees, and campaign finance activity. During 1997, the Commission implemented a very small program of random field auditing of lobbyist expenses. The findings of this program are being used to improve reporting and expense documentation. The State Ethics Commission, assisted by the Attorney General's Office, was involved in defending the lobbyist campaign finance restrictions in Federal Court. The Court upheld the lobbyist restrictions in that litigation.

The \$20,347,445 in lobbying expenditures reported for the period of October 31, 1997, represents an increase of \$1,230,549 over the previous year. This is the largest dollar amount reported in program history. Lobbying expenditures have very significantly increased since the Commission compiled \$2,864,454 of expenditures in 1979, the first year the Ethics Commission administered the filing program. Expenditures for gifts and entertainment in 1997 decreased from \$674,302 to \$638,543. The total for gifts and entertainment was substantially below the record level of \$824,685 reported in 1993. The amount for food and beverages other than special events dropped very substantially from \$73,172 to \$58,880. The amount in this category was dramatically lower than the \$416,924 reported in this

category for 1992. This decrease appears to reflect mostly stronger disclosure laws in recent years and an increasing reluctance of officials to accept this type of entertainment. The amount spent for special events also decreased from \$569,371 to \$546,441. Under current law, special events include events to which all members of the General Assembly, either house or a standing committee, is invited. Legislation passed in 1997 allows this exception to be expanded by the presiding officers of the General Assembly to certain geographic delegates. The presiding officers made no designations in 1997, thus the stricter disclosure requirement as to those events still applied. There were 65 all-members events reported totaling \$502,136. Although the number of these all-member events increased from 55, the amount spent decreased from \$529,521. Not all of these funds were spent on General Assembly members because the cost for attendance of event sponsors, lobbyists, and others is sometimes reported in the event total cost. Only one event was reported solely for either house. There were 43 events reported for House of Delegates Standing Committees and 31 for Senate Standing Committees. The total of 74 events was significantly below the 116 reported in 1996. The most entertained committee in the House of Delegates was the Economic Matters Committee with 13 events. The most events reported in the Senate were for the Finance Committee with 13 events. The least entertained Standing Committees in the House were the House Judiciary Committee with 4 events totaling \$2,373 and the House Appropriations Committee with 4 events totaling \$2,231. In the Senate, the least entertained committee was the Judicial Proceedings Committee with 3 events totaling \$1,113.

Special events have become the favored form of entertainment by regulated lobbyists because these activities do not require the disclosure of individual recipients. In a few instances, events are labeled all-members events even where the location and other aspects of the event might suggest that it is not really intended for all members but to achieve the gift reporting exemption. The State Ethics Commission formally advised in Opinion 97-6 that an all-members event held hundreds of miles from Maryland could not be considered as an all-members event under the circumstances presented. A detailed analysis of special events spending is contained in Appendix C of this report. Lobbyists are also required to file gift reports naming individuals receiving meals, tickets or other gifts above certain thresholds. Sixty-nine of the 581 lobbyists filed one or more of these reports.

An analysis of individual reports indicates that 102 lobbyist employers reported having total lobbying expenditures of \$50,000 or more. There were 241 lobbyist employers reporting total expenditures of \$25,000 or more. This compares to 225 employers reaching this total in 1996. Reports of individual lobbyists registered on behalf of one or more employers indicate that 62 reported \$50,000 or more in compensation for services. Thirty-two lobbyists reported compensation of \$100,000 or more. Total lobbyist compensation also increased from \$16,005,012 to \$16,729,154. Examples of topic areas involving large total employer expenditures during the reporting period included business, professional football, gambling, labor, health, banking, tobacco, technology, attorneys, utilities, and insurance. A list of those employers expending \$25,000 or more and those lobbyists reporting \$50,000 or more in compensation is included in Appendices A and B of this report. There was a record amount spent on grass roots lobbying in 1997 totaling \$460,633. This eclipsed the previous high of \$404,646 in 1994.

The following expenditure data summarizes lobbying expenditures for the last three lobbying years:

	<u>10/31/95</u>	<u>10/31/96</u>	<u>10/31/97</u>
1. Expenditures for meals and beverages for officials or employees or their immediate families.	\$ 277,683	\$ 73,172	\$ 58,880

2. Expenditures for special events, including parties, dinners, athletic events, entertainment, and other functions to which all members of the General Assembly, either house thereof, or any standing committee thereof were invited. (Date, location, group benefitted, and total expense for each event are also reported.)	\$ 415,549	\$ 569,371	\$ 546,441
3. Expenses for food, lodging, and scheduled entertainment of officials and employees and spouses for a meeting given in return for participation in a panel or speaking engagement at the meeting.	\$ 6,588	\$ 13,219	\$ 8,063
4. Expenditures for gifts to or for officials or employees or their immediate families (not including sums reported in 1, 2, and 3).	\$ 108,021	\$ 18,540	\$ 22,159
<u>Subtotal of items 1, 2, 3, & 4</u>	<u>\$ 807,841</u>	<u>\$ 674,302</u>	<u>\$ 635,543</u>
5. Total compensation paid to registrant (not including sums reported in any other section).	\$14,198,743	\$16,005,012	\$16,729,154
6. Salaries, compensation and reimbursed expenses for staff of the registrant.	\$ 650,774	\$ 606,419	\$ 752,181
7. Office expenses not reported in items 5 and 6.	\$ 734,784	\$ 897,054	\$ 915,309
8. Cost of professional and technical research and assistance not reported in items 5 and 6.	\$ 559,865	\$ 293,056	\$ 461,190
9. Cost of publications which expressly encourage persons to communicate with officials or employees.	\$ 245,208	\$ 197,467	\$ 460,633
10. Fees and expenses paid to witnesses.	\$ 21,927	\$ 40,488	\$ 738
11. Other expenses.	\$ 453,736	\$ 403,098	\$ 392,697
<u>Total of items 1 through 11</u>	<u>\$17,672,878</u>	<u>\$19,116,896</u>	<u>\$20,347,445</u>

Enforcement Activities

The Ethics Law and implementing rules of the Commission provide that any person may file a complaint with the Commission. Complaints filed with the Commission must be signed, under oath, and allege a violation of the Law by a person subject to the Law. Additionally, the Commission may file a complaint on its own initiative, and it carries out preliminary inquiries of potential law violations at its discretion. Because of the limited investigative resources available to the Commission, there is a backlog of enforcement issues pending before the Commission. The restoration of a contractual position in late 1994 helped to somewhat control the backlog. The number of actual complaints issued in 1995 and 1996 was reduced due to financial disclosure filing review delays in part because of staff turnover in the financial disclosure program in 1995 and office renovation, which required the relocation and re-filing of all files in the office. In 1997, the Commission's financial disclosure compliance program was again accelerated near the end of the year.

In Calendar Year 1997, the Commission issued or accepted 50 complaints. Forty-three (43) complaints involved financial disclosure matters, 3 complaints involved lobbyist matters, and 4 complaints related to conflict of interest issues. Also, during this year action was completed on 23 complaints. Sixteen of these completed complaint cases were financial disclosure matters and 4 were lobbyist matters. Ten failure to file timely financial disclosure complaints were terminated by accepting late filing as a cure. One late financial disclosure filing case was completed by submission of the form, an admission of late filing violations, waiver of confidentiality, acceptance of a reprimand, and the payment of funds to the State.

One hearing was held during the year involving a respondent who had failed to file the required properly completed financial disclosure statement. The hearing resulted in a finding of failure to timely file; assessed late fees in accord with §15-405(d)(2); and a reprimand. This matter involved a former employee.

One complaint against a lobbyist for failure to timely file was terminated by accepting a late filing as a cure. Two hearings were held during the year involving lobbyists who failed to timely file the required lobbying activity report. The hearings resulted in findings of failure to timely file; assessment of late fees in accord with §15-405(d)(1); and reprimands. A fourth lobbyist complaint was referred to the Office of the State Prosecutor for review in accord with §15-903.

The Commission considered several other situations involving lobbyists who had failed to timely file either a registration or lobbying activity report. These matters resulted in lobbyists paying late fees in the amount of up to \$250 per report as allowed by the Ethics Law. The Commission received a total of \$4,500 payments to the State of Maryland representing late fees from seventeen different lobbyists. All enforcement payments are deposited in the State general fund and cannot be used by the Commission. One matter involving a lobbyist related to the campaign contribution transmittal prohibition was completed by the lobbyist admitting the violation, accepting a reprimand, and payment of \$250.00 in lieu of potential civil fines.

Three conflict of interest complaints were resolved during Calendar Year 1997. One involved a former public official who while a public official had solicited and obtained a loan from a licensee of the board on which he served. The complaint was resolved as the official resigned his position, admitted violating the law, was reprimanded and paid \$2,000 in lieu of potential civil fines.

A second conflict of interest complaint involved a hearing before the Commission. The State employee was represented by counsel. The Commission, after the testimony of seven witnesses and receiving in excess of fifty exhibits, found that employee had violated several conflict of interest provisions of the Ethics Law as well as failing to file properly completed financial disclosure statements. The Commission recommended to the employee's agency that the employee be terminated. It also assessed late fees of \$1,000 for failure to file properly completed financial disclosure statements and ordered him to submit properly corrected and completed amendments to his financial disclosure statements.

A third conflict of interest complaint also involved a hearing before the Commission. The public official who is the administrator of an agency in one of the metropolitan counties, was represented by counsel. The Commission, after hearing the testimony of nine witnesses and receiving in excess of sixty exhibits, found the official in violation of several sections of the conflict of interest and financial disclosure provisions of the Ethics Law. The Commission recommended that the official be suspended for at least fifteen days; that he be reprimanded; that he pay \$1,000 in late filing fees; and that he pay a civil fine of \$7,500. The respondent has appealed the Commission's decision and the matter is currently pending at the local Circuit Court.

At the end of Calendar Year 1997, 8 complaints were pending involving conflict of interest. Additionally, there were 36 complaints involving financial disclosure and lobbyist filings pending. Three of these complaints had been scheduled for hearing in early 1998. The total enforcement payments and late fees levied by the Commission was \$11,750. Additionally, the Commission has directed that \$7,500 in civil fines be sought in one conflict of interest case and instituted litigation to impose a civil fine in a financial disclosure case. The Commission was represented by the Office of the Attorney General in these Circuit Court litigation matters.

Local Government Ethics Laws

Maryland counties and cities are required under the Ethics Law to enact local laws similar to the State Law. In addition to the requirement that counties and cities enact ethics laws, in 1983, the General Assembly amended the Law to require local school boards either to promulgate ethics regulations similar to the State Law or be covered by county ethics laws. Most of the staff activity relating to local ethics programs during 1997 involved providing limited technical assistance to local ethics officials regarding ongoing administration of local government ethics programs. As part of its responsibilities, the Commission reviewed new or revised ethics laws for 12 localities during 1997. In two counties, Boards of Education that had not previously adopted ethics regulations did so and were approved in 1997. Some amended local laws were still under review and not approved at the end of the year. Criteria for evaluating similarity to the State Law are defined in Commission regulations. Municipalities, based on size and other factors, may be exempted from all or part of the requirement, though an exemption may be granted only in response to a written request. The Commission, during 1997, considered court action to assure that three counties have ethics laws meeting State law requirements. However, in two of these jurisdictions, the laws were amended to meet State Law requirements. Litigation to achieve compliance in the third jurisdiction may be instituted in 1998.

The Commission sponsored, with the assistance of the Maryland Association of Counties, the Maryland Municipal League and the Maryland Association of Boards of Education, a statewide local government ethics training conference was in Annapolis in the Spring of 1997. One hundred and fifteen attendees representing counties, cities and school boards

throughout the State met to discuss all aspects of local ethics laws and administration. An annual listing of local governments having ethics laws is to be published in the *Maryland Register* and included with the Commission regulations in COMAR 19A.04 and 19A.05.

Educational and Informational Activities

The Commission staff has been active in providing information to those covered by the Ethics Law, as well as other persons interested in its requirements. A substantial daily staff workload has involved advising employees, officials, candidates and lobbyists on how to complete forms, and providing informal advice regarding possible conflicts of interest. The Commission staff has assisted local government and school board officials in drafting their ethics laws and regulations. The staff has also provided technical advice to local government ethics boards. Presentations were made by the staff to various groups covered by the Law or interested in the operation of the Law. Numerous formal briefings and training programs were made to groups of employees, officials, or lobbyists on the requirements of the Law. Ethics Law briefings were provided to all health licensing occupational boards, as part of the staff review of these boards. Employees of ten agencies or departments received special briefings. A training program was offered through the personnel training development center. A cabinet ethics briefing was held. The annual lobbyist briefing was provided in Annapolis. Visits were made to various local governments. A presentation was made to the annual meeting of the Maryland Municipal League. Presentations were also made to other groups interested in the operation of the lobbying law.

Part of the Commission's public information activity involves distribution of lists of registered lobbyists and provision of assistance to persons inspecting various forms filed with the Commission. Pamphlets describing the Ethics Law have been made available to management level employees in State agencies. Another pamphlet covering ethics requirements for part-time members of State boards and commissions is also being distributed on a limited basis. Fiscal limitations have essentially reduced the ability to develop new printed materials. The Commission's staff does distribute, through interagency mail, a special two-page summary of ethics requirements to State agency managers. Special memos regarding the impact of the ethics law on gifts, procurement, post-employment, employment, and on political activity are also distributed. Also, memos on new lobbying laws relating to private colleges, lobbyist political activity, and a memo regarding adjustments to the procurement ethics provisions were distributed.

A home page on the Internet was maintained. The home page includes a program summary, a lobbyist list and related data, the Annual Report, and a quarterly bulletin. Also included are copies of lobbying and financial disclosure forms and the ability to access these forms. The Internet provides a cost effective mechanism for providing ethics information and training to those covered by the Ethics Law and public access to ethics information. The staff is also very frequently involved in assisting the public and press in inspecting public records of lobbyists and officials and providing access to other ethics law information.

LEGISLATIVE RECOMMENDATIONS

In 1997, the General Assembly passed legislation that directly amended the State Ethics Law. Lobbyist's and official's disclosure requirements were weakened by potentially expanding committees entitled detailed recipient disclosure exceptions for meals and beverages, entertaining. (It should be noted, however, that action to implement this

expansion was not taken by the presiding officers as of December 31, 1997, and the categories of eligible special events continue as in the past.) Legislator's gift disclosure was also eliminated for attending qualifying single events. The presiding officers of the General Assembly were made ex-officio members of qualifying committees thus eliminating their disclosure requirement as to a single event. Lobbyist gift disclosure to officials and employees in their immediate family was eliminated in most circumstances.

The lobbyist campaign finance restrictions were strengthened extending the ban on solicitation and transmittal of contributions to statewide offices.

The statute of limitations for ethics violations was clarified by limiting the ability to seek court fines to situations where the Ethics Commission complaint was filed within 3 years after the conduct was ended. There continues to be no statute of limitations for actions other than seeking fines.

The Commission continues to review the adequacy of the Public Ethics Law as required by the statute. The four recommendations listed below were specifically suggested to the administration for departmental legislation in 1998.

1. Misuse of Confidential Information

The existing State Ethics Law prohibits officials and employees from disclosing or using confidential information for their own economic benefit or that of another. This proposal would extend this prohibition to post-State service. There have been an increase in the number of situations where it appears that there was the potential that confidential information had been used to benefit former employees or people associated with these persons. There are a wide variety of situations where confidential information may be acquired by officials and employees and then may be improperly used upon leaving their State position. These areas include, for example, business assistance programs, privatization activities, State-business partnerships and various information about individuals including personal medical information.

2. Confidentiality of Lobbyist Reports

There have been substantial changes in lobbyist gift disclosure requiring the name of gift recipients in recent years. Some of these changes have been made in an inconsistent and fragmented way partly due to floor amendments. Historically, the Ethics Law provided that if an official or employee is listed on a lobbying activity report, the official was to be notified within 30 days and the report would be confidential for 60 days. During that period, errors or other issues regarding the report would be resolved. After various amendments, there are inconsistencies in the language as to handling reports naming recipient officials or employees depending on what specific reporting section is involved. It is proposed that the law would clearly establish a 30-day notification requirement and a 60-day confidentiality period for all lobbyist reports naming officials or employees.

3. Ethics Law Coverage of Local Liquor Boards

The State Ethics Law divides responsibility between State and local government. Generally the State Ethics Commission has jurisdiction over State agencies and County or City ethics commissions deal with local agencies. Local ethics laws have to meet the requirements of State Law.

Several years ago the Ethics Law was amended to deal with local boards of licensing commissioners (and similar boards) providing in §15-102(x) that local officials include each member and employee of a board of license commissioners that the applicable governing body determines is subject to its ethics jurisdiction. Some local jurisdictions have informally advised the Ethics Commission that they believe they do not have ethics authority over the local liquor board suggesting possibly it is a State entity that may be covered by State Ethics Commission jurisdiction. The State Ethics Commission believes that the proper interpretation of current State Law is that local government has the requirement and authority to cover these entities under local Ethics Law but also believes that to the extent there is any doubt this should be resolved by additional State legislation. These are very important boards and the public interest demands that these boards clearly be covered by ethics requirements and enforcement jurisdiction.

4. Special End-of-Year Lobbyist Gift Reports

This proposal would require lobbyists to report by January 31st each year any gifts that they had made in November or December that would require them to name a recipient in their regular report due by May 31 of each year. Under current law, officials are aware of gifts reported by lobbyists covering 10 months of their own calendar year reporting cycle because these must be reported by lobbyists by November 30 for a period ending October 31st. What tends to happen is that officials tend to forget, fail, or not be aware of the value gifts made in November or December not yet reported by lobbyists. When these are reported by lobbyists in May, this raises enforcement and appearance issues for these officials who have failed to disclose the gifts in their calendar year reports. This bill would solve much of this problem, which is one that could grow under new lobbyist gift reporting laws as there are more gifts to be reported. Based on past experience, only about 10 to 15 lobbyists would have file a January 31st report. If there were no gifts to report, no special lobbyist report filing would be required.

OTHER LEGISLATIVE RECOMMENDATIONS

The recommendations listed below are also made by the State Ethics Commission. Many of these recommendations have appeared in prior annual reports but some are revised or new. The Commission believes that these recommendations are appropriate, based on its experience in administering the ethics program:

- The Law should be formally amended to more specifically reflect advice by the Commission and the Attorney General regarding testimonial fund raising by employees and officials, which is fully covered by the Ethics and Elections Law.

- The Election Law provisions dealing with contested elections do not clearly deal with these matters leaving potential questions about the solicitation, acceptance, and disclosure of these funds. Election Law should be amended to clearly establish limits and disclosure of this activity as part of the election function and not as gift activity.

- There is a need to consider granting the Commission at least minimal fining authority in conflict of interest matters in order to provide a formal alternative to expensive court proceedings.

- The current Law does not seem to always clearly deal with gifts from foreign governments. There is a need to review the issue and clarify the Law.

- The post-employment provisions of the Ethics Law should be reviewed and revised in order to avoid abuses that can occur under the technical language of the current law. This review should focus on higher level management positions.

- The Ethics Law prohibits certain types of representation before State agencies. However, except for legislative disclosure under §15-513 of the Ethics Law, there is no specific required disclosure of representation before State agencies. It is recommended that officials who appear before State agencies for compensation include on their annual disclosure form at a minimum the identity of any agencies involved in this compensated representation.

- The Ethics Law prohibits employees and non-elected officials from intentionally using their prestige of office for their own private gain or that of another. Elected officials, however, are not adequately covered by this provision. The existing Law should be amended to clearly include elected officials or a new provision covering these officials dealing with clear cases of abuse should be specifically added to the Law.

- The Commission has been presented with several situations where high State officials have been invited to serve on the board of directors of private corporations having sensitive business or regulatory involvement with the State. The existing Ethics Law provisions are not well designed to effectively control the conflicts that can be caused by such affiliations. It is recommended that membership by high officials on the boards of these types of corporations be controlled more specifically in the Ethics Law.

- Issues regarding the spouses of employees or officials have arisen in Maryland and on a national basis. The Maryland Public Ethics Law does not consistently and clearly address these issues or provide sufficient policy guidance in these matters. Spouse ethics issues have become more prevalent in part as a reflection of both spouses having careers and other economic relationships. For example, the Law does not always clearly deal with gift disclosure or under what circumstances the ownership interest of a spouse is to be attributed to the official or employee for conflict of interest purposes of the Ethics Law.

- The Commission receives many questions from agencies and others concerning issues involving State related foundations. Some of these questions relate clearly to the Ethics Law and can be resolved by the Commission. Many of these questions involve fiscal and general policy issues unrelated or only indirectly related to the Ethics Law. It is not possible for the Commission to determine appropriate policy in these areas. Any control mechanisms that need to be established to reach these concerns should be established by the Executive and Legislative branches of government as part of ongoing policy development.

- Consideration should be given to having new officials file a financial disclosure statement covering their holdings as of the time when they come into their position rather than for the previous calendar year.

- The law should be amended to expressly state that Deputy Sheriffs and other Sheriffs' Office employees other than the elected Sheriff are also covered by local ethics laws consistent with the Commission's advisory opinion on this topic.

- The need for disclosure of interests in mutual funds should be reviewed to determine if this information is fully necessary to accomplish the purposes of the Law.

- The provisions of §15-608 regarding attributable interests should be studied with the idea of reducing the burden caused by the disclosure requirements when a person has a small share in a large diverse testamentary trust.

- Judicial candidates should be required to file financial disclosure in each year of their candidacy in the same way as other State officials.

- In election years improperly filed candidate's disclosure forms create unique enforcement problems. Before a violation can be found and made public a variety of confidential administrative and adjudicatory processes have to occur. In most cases this process would extend well beyond the primary election and probably beyond the general election. This means that serious completion problems or even false disclosure could exist unknown to the voting public. A very large percentage of non-incumbent candidates have substantial financial disclosure statement completion problems. A review should be made by the Executive and the General Assembly to determine whether confidentiality should be eliminated for candidate's financial disclosure enforcement cases at an earlier point in the enforcement process.

- Some consideration should be given to removing the current language dealing with Commission review of forms in §15-205(a)(5), and substituting a provision for review consistent with standards to be established by the Commission.

- In order to avoid uncertain and confusing application and administration of the Law, the special provisions of §15-807 making members of State boards funded in whole or in part by Baltimore County subject to the county disclosure law instead of the State Law should be considered for elimination, or at a minimum copies of these forms should be filed with the State Ethics Commission.

- The bi-county agency ethics regulations requirements as to employees of these agencies should be reviewed to make sure that sufficient penalty provisions are provided and that the current ethics regulations of the agencies meet the intent of the Law.

- The Commission has informally determined that the bi-county agencies are to be treated as State or local agencies for the purposes of exemptions under the State lobbying registration requirements. The Law should be amended to specifically clarify their status under these provisions.

- Consideration should be given to specifically prohibiting the solicitation of loans or assistance in getting loans by employees and officials from lobbyists and certain regulatees.

- The lobbyist restrictions regarding campaign finance activity should be made more specific as to the impact of these provisions on political party central committee membership by lobbyists.

- Consideration should be given to further limiting the role of lobbyists in political fundraising, particularly in the area of sending fundraising tickets to lobbyists and these tickets being forwarded to their employers.

- The statute of limitations in criminal violations of the State lobbying law is too short and should be extended.

- Consideration should be given to a one-legislative session, no lobbying cooling-off period for former legislative and other employees having significant duties relating to legislation.

- There is a need to include provisions to require lobbying registration and reporting for not-in-the-physical-presence lobbying particularly where significant compensation is involved. This problem will become more significant as new methods of electronic communications are further developed.

- The law should provide that counties or cities may use lobbying registration and reporting with the State Ethics Commission as an alternative or substitute for local filing.

- The provisions for confidentiality in the Ethics Law should be reviewed to determine if they adequately protect privacy without denying needed information to operations agencies or the public.

- The provisions covering school board ethics regulations need to be strengthened to assure that there are adequate sanctions for violations by board members, candidates for board membership and lobbyists.

- There has been an increase in issues regarding potential conflicts of interests involving persons appointed to State boards and commissions. In part, it has been caused by minor short term advisory boards being more frequently created by statute in recent years instead of being created by Executive Order not having the force of law or legislative resolution. Boards created by law are covered by the Ethics Law. A related problem is many new boards are being created with appointments criteria mandating a significant conflict of interest. It is recommended that where minor short-term advisory boards are created, they not be established by law and where statutory boards are created more care be exercised in avoiding mandatory major conflicts of interests in appointment requirements. Generally, lobbyists should not be appointed to boards that have duties relating to their lobbying activities. These types of appointments make violations of the law while on the board or post service almost unavoidable.

- In 1996, the General Assembly passed legislation requesting the Executive Director of the State Ethics Commission to make a study of the standards of conduct for health occupational licensing boards. In 1997, these recommendations were made to the relevant legislative committees. The General Assembly should carefully consider the recommendations made in the report.

APPENDIX A

EMPLOYER SPENDING \$25,000 OR MORE - ALL REGISTRANTS ALL TYPES OF EXPENSES

November 1, 1996 - October 31, 1997

<u>TOTAL AMOUNT</u>	<u>EMPLOYER</u>
1. \$508,686.26	Maryland Chamber of Commerce
2 435,321.60	Pro Football, Inc. (The Redskins)
3. 246,493.26	Charity Gaming Association, Inc.
4. 245,552.43	Maryland State Teachers Association
5. 242,741.42	Medical & Chirurgical Faculty of Maryland
6. 223,655.98	Bell Atlantic-Maryland, Inc.
7. 220,731.73	A T & T
8. 211,862.35	Cable TV Association of MD, DE, & DC
9. 209,599.75	Maryland Jockey Club/Pimlico Race Track
10. 209,552.32	Laurel Racing Association, Inc.
11. 193,347.50	Maryland Horse Coalition
12. 190,469.20	Maryland Assn. of Health Maintenance Organizations, Inc.
13. 182,327.60	Maryland Association of Realtors, Inc.
14. 165,080.00	Maryland Hospital Association
15. 155,061.76	Maryland Bankers Association, Inc.
16. 141,775.41	Horseshoe Gaming, Inc.
17. 139,511.85	Maryland Retail Merchants Association
18. 137,077.63	Marylander's for Efficient and Safe Highways
19 137,010.80	Maryland State Bar Association
20. 132,970.03	Automated Wagering, Inc.
21. 123,429.94	Lockheed IMS Corporation
22. 122,104.44	Rite Aid Corporation
23. 121,541.70	American Personal Communications
24. 117,099.40	League of Life and Health Insurers of Maryland
25. 115,499.46	Harvey's Casino Resort
26. 113,221.96	Philip Morris, Inc.(PA)
27. 113,104.49	Potomac Electric Power Company
28. 110,181.50	Maryland Industrial Group
29. 109,667.09	Maryland Hospital Coalition

30.	105,884.92	Ameristar Casinos
31.	104,969.14	Maryland Classified Employees Association
32.	100,587.89	Blue Cross & Blue Shield of Maryland
33.	98,470.96	Health Facilities Association of Maryland
34.	98,236.18	Association of Maryland Pilots
35.	96,615.00	Greater Washington Board of Trade
36.	96,054.98	Common Cause/Maryland
37.	95,983.85	Helix Health, Inc.
38.	93,726.47	AutoNation USA
39.	93,053.21	Johns Hopkins Health System
40.	91,787.35	NYL Healthcare Plans of Mid-Atlantic
41.	87,577.94	Kaiser Foundation Health Plan of Mid-Atlantic States, Inc.
42.	84,727.24	Maryland State Dental Association
43.	81,260.27	Alleghany Power
44.	79,094.51	Chemical Industry Council of Maryland
45.	78,398.14	Chesapeake Bay Foundation
46.	78,369.03	Merck & Company, Inc.
47.	78,225.14	Restaurant Association of Maryland, Inc.
48.	77,338.68	Nationwide Insurance Enterprises
49.	77,064.83	Maryland Farm Bureau, Inc.
50.	76,472.02	Baltimore Gas & Electric Company
51.	75,717.61	Greater Bethesda Chevy Chase Chamber of Commerce
52.	75,000.00	Buck Distributing Company
53.	74,379.06	Maryland Tort Reform Coalition
54.	73,958.07	R.J. Reynolds Tobacco Company
55.	73,610.30	Maryland Builders Association
56.	73,205.66	Casino America, Inc.
57.	73,041.25	Medical Mutual Liability Insurance Company
58.	72,183.02	NationsBank
59.	71,790.74	American Petroleum Institute
60.	70,099.58	MCI Telecommunications Corporation
61.	69,042.67	Washington Area New Automobile Dealers Assn. (WANADA)
62.	68,951.00	Washington Gas, Maryland Division
63.	68,594.00	Johns Hopkins University
64.	68,000.00	Tobacco Institute
65.	67,393.30	P.I.E. Mutual Insurance Company
66.	67,332.76	Crown Central Petroleum Corporation

67.	66,000.00	Westinghouse Electric
68.	65,768.92	Maryland Independent College and University Association
69.	65,707.94	Maryland Trial Lawyers Association
70.	65,545.64	Old Dominion Electric Cooperative
71.	65,056.48	Doctor's Health System
72.	64,999.61	Apartment & Office Bldg.Assn.of Metro Washington
73.	64,837.00	Baltimore Ravens, Inc.
74.	64,331.63	UST Public Affairs, Inc.
75.	63,765.06	Riverdale Baptist Church
76.	62,948.80	Norfolk Southern Corporation
77.	62,670.00	Maryland Highway Contractors Association
78.	62,217.63	Maryland State & D.C. AFL-CIO
79.	62,138.61	Variable Annuity Life Insurance Co. (VALIC)
80.	61,922.62	American Lung Association of Maryland
81.	61,763.52	MARTA Technologies
82.	61,650.39	Suburban Hospital
83.	61,161.83	University of Phoenix
84.	60,988.64	American Cancer Society, MD Division
85.	60,874.33	Adventist Health Care Mid-Atlantic, Inc.
86.	60,000.00	Washington Suburban Sanitary Commisison
87.	59,974.90	Cloverleaf Enterprises
88.	57,558.47	Manor Care Corporation
89.	56,948.97	Maryland Association of Non-Profit Homes for the Aging
90.	55,176.68	Group Hospitalization & Medical Services
91.	54,910.53	Hilton Hotels Corporation
92.	54,720.29	Baltimore Jewish Council
93.	53,456.71	Maryland State & DC Professional Firefighters Assn.
94.	53,201.65	Willard Hackerman
95.	53,201.65	American Insurance Association
96.	53,201.65	CSX Transportation
97.	52,829.61	Delmarva Power & Light Company
98.	52,800.00	Mid-Atlantic Medical Services (MAMSI)
99.	51,200.00	USF & G
100.	50,875.99	Greenspring of Maryland
101.	50,279.94	Corning Clinical Laboratories
102.	50,000.00	TFWS, Inc.
103.	49,950.43	National Federation of Independent Businesses

104.	49,329.12	Anderson Consulting LLP
105.	48,697.30	Wheelabrator Water Technologies, Inc./BioGro
106.	48,251.00	Maryland Catholic Conference
107.	48,073.27	Maryland New Car and Truck Dealers Assn.
108.	48,040.35	Coca-Cola Enterprises - Northeast
109.	47,997.92	Maryland Citizens for the Arts, Inc.
110.	47,735.58	Maryland Association of Chain Drug Stores
111.	47,512.50	Allied Signal, Inc.
112.	47,489.88	Maryland Optometric Association
113.	47,147.32	State Farm Insurance Companies (IL)
114.	46,375.00	Hoffmann-LaRoche, Inc.
115.	46,322.56	American Federation of Teachers
116.	45,611.36	Suburban Maryland Building Industry Association
117.	45,545.00	Fountainhead Title Group, The
118.	45,527.82	National Association of Independent Insurers
119.	45,363.00	Maryland Insurance Council
120.	43,966.83	Rouse Company
121.	43,365.31	Maryland Tourism Council
122.	43,174.22	Prudential Health Care Plan of the Mid-Atlantic
123.	43,130.08	SCI Atlantic Region
124.	42,104.56	IBM Corporation
125.	41,894.58	Planned Parenthood of Maryland
126.	41,239.58	Glaxo Wellcome Inc.
127.	41,005.65	Maryland Association of Premium Finance Companies
128.	40,850.87	General Motors Corporation
129.	40,702.94	CIGNA Corporation
130.	40,663.71	Professional Insurance Agents Association of PA, MD & DE
131.	40,326.79	State Farm Mutual Automobile Insurance Company
132.	40,320.33	Kraft Foods, Inc.
133.	40,210.78	Giant Food, Inc.
134.	40,000.00	Maryland Medical Association
135.	39,729.00	Maryland Association of Non-Profit Organizations
136.	39,500.00	Washington Metropolitan Transit Authority
137.	39,475.75	Maryland Works, Inc.
138.	39,349.10	Household Financial Group, Ltd.
139.	39,341.00	Pharmaceutical Research & Manufacturers of America
140.	39,333.32	Life Sciences Corporation

141.	39,250.00	MD/DC/DE Soft Drink Association
142.	38,859.08	First National Bank of Maryland & First Maryland Bancorp
143.	38,812.00	Association of Forest Industries
144.	38,404.00	United Way of Central Maryland
145.	38,299.19	Bethlehem Steel Corporation
146.	38,275.08	Maryland Midland Railway
147.	38,106.00	Maryland Association of Boards of Education
148.	37,923.28	Baltimore Building & Construction Trades Council AFL-CIO
149.	37,450.00	Maryland State Funeral Directors Association
150.	37,442.77	Honeywell
151.	37,439.70	WMDP Service Station & Automotive Repair Assn.
152.	37,405.36	General Public Utilities Companies
153.	37,380.31	Alliance of American Insurers
154.	37,324.02	Enterprise Group Development Corporation
155.	37,291.76	Maryland Veterinary Medical Association
156.	37,240.79	Aetna Life & Casualty
157.	37,171.59	NeighborCare Pharmacies
158.	37,166.58	Copeland Associates, Inc.
159.	37,151.47	Cloverleaf Standardbred Owners Assn.
160.	37,126.95	Redland Genstar, Inc.
161.	37,038.54	Maryland Chiropractic Association
162.	36,208.43	Joseph E. Seagrams & Sons
163.	36,204.65	Health Insurance Association of America
164.	36,000.00	Eli Lilly & Company
165.	35,966.18	National Association of Social Workers/Maryland Chapter
166.	35,965.83	MD Individual Practice Association, Inc.
167.	35,943.88	Magellan Health Services
168.	35,175.93	GTECH Corporation
169.	35,040.00	Nextel Communications
170.	35,000.00	Maryland Rental Car Coalition
171.	35,000.00	Prince George's Chamber of Commerce
172.	34,908.00	Northrup Grumman Corporation
173.	34,872.96	Melwood Horticultural Training Center, Inc.
174.	34,865.14	Maryland Association of Mortgage Brokers
175.	34,800.00	FMC Baltimore - Agricultural Chemicals
176.	33,961.18	Maryland Securities Industries
177.	33,597.88	GEICO

178.	33,526.82	Southland Corporation
179.	33,378.85	Marine Trades Association of Maryland
180.	33,188.45	National Smokers Alliance
181.	33,079.93	Maryland Motor Coach Association, Inc.
182.	32,971.67	Sun Company, Inc.
183.	32,695.77	Coalition to Promote Standardbred Racing
184.	32,608.39	Maryland Turfgrass Association, Inc.
185.	32,500.00	NL Industries
186.	32,500.00	Sherwin-Williams Co, Inc.
187.	32,481.73	Rockville Center, Inc.
188.	32,300.00	Associated Builders and Contractors of Metro Washington
189.	32,046.47	Baltimore Orioles, Inc.
190.	32,032.39	Jacoby Development, Inc.
191.	31,341.15	Kennedy Kreiger Institute
192.	31,000.00	Exxon Corporation
193.	30,950.00	Maryland State Licensed Beverage Assn.
194.	30,791.52	Triple Five Development Eastern Ltd.
195.	30,731.00	Sara Lee Corporation
196.	30,649.58	Dental Health Administrative & Consulting Services, Inc.
197.	30,643.51	Baxter Healthcare Corporation
198.	30,450.43	Waste Management, Inc. East PA
199.	30,384.73	Maryland Association of Community Colleges
200.	30,000.00	Distilled Spirits Council of the U.S.
201.	30,000.00	Golden Rule Insurance Company
202.	29,550.00	American Physical Therapy Association of Maryland
203.	29,442.77	EPIC Pharmacies - Maryland
204.	29,400.00	Montgomery County Office of Intergovernment Relations
205.	29,215.98	Bowl America, Inc.
206.	28,612.69	Senior Health Services, L.L.C.
207.	28,568.91	Anne Arundel County Association of Realtors, Inc.
208.	28,500.00	Maryland Credit Union League
209.	28,500.00	Maryland Association of Mutual Insurance Companies
210.	28,456.07	Maryland Food Committee
211.	28,398.32	Montgomery County Planning Board
212.	28,290.00	MD/DC Society of Anesthesiologists
213.	27,640.51	ADVOSERV
214.	27,507.33	Allstate Insurance Company

215.	27,500.00	Psychemedics Corporation
216.	27,496.42	Maryland Association of Certified Public Accountants
217.	27,455.00	Columbia Construction Company
218.	27,260.00	Mental Health Association of Maryland
219.	27,193.25	Warner-Lambert Company
220.	27,000.00	St. Lawrence & Hudson Railway
221.	26,980.70	Maryland Psychological Association
222.	26,681.25	Cigar Association of America, Inc.
223.	26,589.65	Maryland Association of Green Industries
224.	26,497.21	Maryland Cab Association
225.	26,375.00	Maryland Health Network, Inc.
226.	26,358.22	Seaboard Chapter, Institute of Scrap Recycling Industries
227.	26,315.27	United Insurance Companies, Inc.
228.	26,223.27	Maryland Academy of Physicians Assistants
229.	25,925.10	Maryland Association for Counseling & Development
230.	25,840.33	Washington/Baltimore Cellular Limited
231.	25,753.82	Maryland Chapter, American College of Emergency Physicians
232.	25,590.00	Smokeless Tobacco Council
233.	25,536.28	MD/DC/DE Press Association
234.	25,356.87	Beretta U.S.A. Corporation
235.	25,347.16	Sinai Health System, Inc.
236.	25,300.45	Mayor & City Council of Baltimore
237.	25,227.09	Trigen-Baltimore Energy Corporation
238.	25,175.75	Mid-Atlantic Petroleum Distributors Association
239.	25,012.50	Maryland Motor Truck Association
240.	25,000.00	Q.S.P.Inc./Reader's Digest
241.	25,000.00	Professional Employer Organizations

APPENDIX B

LOBBYISTS RECEIVING \$50,000 OR MORE IN COMPENSATION ONE OR MORE EMPLOYERS

November 1, 1996 - October 31, 1997

1 . \$1,461,124.94	Evans, Gerard E.
2 . 834,418.25	Rifkin, Alan M.
3 . 807,193.74	Alexander, Gary R.
4 . 444,751.29	Cooke, Ira C.
5 . 389,375.00	Rasmussen, Dennis
6 . 374,789.73	Schwartz, Joseph A.,III
7 . 359,881.56	Doyle, James J., Jr.
8 . 349,992.51	Stierhoff, John R.
9 . 328,448.79	Tiburzi, Paul A.
10 . 325,850.00	Pitcher, J. William
11 . 300,200.00	Goldstein, Franklin
12 . 271,327.17	Popham, Bryson
13 . 242,891.97	Johansen, Michael V.
14 . 235,794.54	McCoy, Dennis C.
15 . 234,649.50	Enten, D. Robert
16 . 225,795.16	Shaivitz, Robin F.
17 . 223,763.14	Neil, John B.
18 . 221,233.00	Rozner, Joel D.
19 . 184,000.00	Bereano, Bruce C.
20 . 182,924.35	Burridge, Carolyn T.
21 . 179,847.16	Adler, Maxine
22 . 170,408.79	Doherty, Daniel T., Jr.
23 . 169,637.42	Wayson, Edward O., Jr.
24 . 149,000.00	Gisriel, Michael U.
25 . 130,273.55	Doolan, Devin John
26 . 130,065.81	McDonough, John P.
27 . 121,464.00	Goeden, James P.
28 . 121,000.00	Canning, Michael F.

29 .	116,241.70	O'Dell, Wayne
30 .	116,150.00	Kasemeyer, Pamela Metz
31 .	107,037.50	Levitan, Laurence
32 .	105,198.00	Neily, Alice J.
33 .	94,638.50	Winchester, Albert III
34 .	90,250.00	Manis, George N.
35 .	88,000.00	Valentino, Geraldine
36 .	86,450.00	White, Peter B.
37 .	83,568.00	Miedusiewski, American Joe
38 .	79,900.00	Arrington, Michael
39 .	76,667.50	Buckingham, Stephen C.
40 .	76,500.00	Manis, Nicholas G.
41 .	76,332.96	Sheehan, Lorraine M.
42 .	75,000.00	Behney, Elizabeth Buck
43 .	72,790.00	Wyatt, Joseph Richard
44 .	69,399.00	Harting, Marta D.
45 .	68,060.40	Burns, Kimberly M.
46 .	65,000.00	Baker, Ross L.
47 .	62,889.73	Brocato, Barbara Marx
48 .	62,500.00	Doyle, Leo W.
49 .	62,000.00	Rivkin, Deborah
50 .	60,000.00	Lattanzi, E. Thomas
51 .	58,916.60	Bowers, John B., Jr.
52 .	57,600.00	Costello, Christopher B.
53 .	53,625.00	Kirkland, Bonnie A.
54 .	53,601.04	Donaldson, Dennis C.
55 .	53,601.04	Athey, Tyras
56 .	53,224.05	Hoover, Lesa N.
57 .	53,146.00	Powell, Michael C.
58 .	52,888.69	Hawkins, Ronald E.
59 .	52,800.00	Sammis, Elizabeth
60 .	51,899.75	Silver, Edgar P.
61 .	51,200.00	Andryszak, John A.
62 .	50,827.28	Saquella, Thomas S.

APPENDIX C

EXPENDITURES ON SPECIAL EVENTS *November 1, 1996 - October 31, 1997*

<u>Group Invited</u>	<u>Number of Times Invited</u>	<u>Total</u>
All General Assembly	65	\$502,136.39
Senate Only	1	1,088.51
House Only	0	0.00

HOUSE

Appropriations	4	\$2,231.02
Commerce & Governmental Matters	5	2,631.88
Economic Matters	10	6,805.09
Environmental Matters	13	8,838.27
Judiciary	4	2,373.80
Ways and Means	7	5,946.09

SENATE

Budget and Taxation	8	\$3,528.62
Economic & Environmental Affairs	7	2,679.12
Finance	13	7,068.74
Judicial Proceedings	3	1,113.64

TOTAL: \$546,441.17

(NOTE: Where more than one committee was invited to the same event for the purposes of this report, there may be a proportionate allocation.)

